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SUBJECT: The Ambassador's October 28 Call on Prime Minister
Phan Van Khai

Reftel: A) Hanoi 2908; B) Hanoi 2863; C) Hanoi 2379; D)
Hanoi 2398

11. (SBU) Summary: Meeting officially for the first time October 28, the Ambassador and Prime Minister Phan Van Khai spent over an hour discussing the overall bilateral relationship, trade and commercial matters, health cooperation, religious freedom and human rights issues, Montagnards in the Central Highlands and construction of the new Embassy compound. The Prime Minister expressed gratitude for the Ambassador's support for Vietnam's WTO accession and urged the USG not to create "strict conditions" during bilateral negotiations; called for the creation of a "bilateral framework for long-term cooperation;" noted that the GVN had selected Boeing to supply Vietnam's long-haul aircraft; agreed that Vietnam's leadership should speak out on HIV/AIDS and asked the United States to send more experts in this field; underlined Vietnam's policy to support ethnic minorities and promote religious freedom, noting that the prominent prisoners raised by the Ambassador had been imprisoned for breaking the law; argued that Montagnards crossing into Cambodia did so at the encouragement of the Montagnard Foundation in the United States; and took note of the Ambassador's request to move forward with our plans to purchase land identified as the site for the new Embassy. End Summary.

12. (SBU) The Ambassador, accompanied by Pol/C, acting Econ/C and Pol Assistant, met officially for the first time October 28 with Prime Minister Phan Van Khai. Accepting the Prime Minister's invitation to begin what turned into 70-minute conversation, the Ambassador said that the bilateral relationship is in good shape, with both sides' having made significant progress in the nine years since normalization. Military-to-military ties are growing, the United States has its largest Fulbright program in the world in Vietnam and bilateral trade is skyrocketing.

13. (SBU) Trade is the bedrock of the relationship, the Ambassador continued, and both countries have clearly benefited from continually expanding trade ties. The next obvious step is Vietnam's accession to the WTO, and we had heard good things about the ongoing discussions in Washington. The Prime Minister's own statements on economic reform and corruption and his speech at the opening of the National Assembly (Ref A) made clear Vietnam's interest in going further and faster in its international economic integration efforts. The United States strongly supports Vietnam's WTO accession, and, as the bilateral negotiations proceed, we hope to focus more on the timetable and approach for reaching WTO standards, which will help Vietnam to achieve more rapid economic growth.

14. (SBU) Vietnam's accession to the WTO is especially essential for Vietnam's textile industry. If Vietnam does not succeed in acceding soon to the WTO, it will be difficult for foreign buyers to continue to invest time and money in Vietnam. The sooner Vietnam does not have to deal with the quota system, the better, the Ambassador noted. The United States also hopes to work with the GVN on financial sector reform. Ultimately, domestic savings and investment will be a greater source of capital than development assistance, remittances or foreign assistance, but Vietnam needs a good banking system to make this work, the Ambassador stressed.

15. (SBU) Health cooperation has expanded considerably and will expand much more thanks to the President's Emergency Fund for HIV/AIDS, the Ambassador noted. For the United States, the GVN's cooperation and coordination are vital, particularly in three areas:

-- 1) A GVN-wide commitment is necessary for our efforts to succeed, and the Ambassador expressed his hope to be able to brief the GVN's interagency committee on our five-year strategy;

-- 2) On drug imports, as part of its HIV/AIDS assistance

program, the USG hopes to import large amounts of drugs, and we need a GVN waiver of the 15 percent import tariff;
-- 3) Publicity from the top is also critical, and the Ambassador urged the Prime Minister and other Vietnamese leaders to speak out on HIV/AIDS. The influence of Vietnam's leadership can be important in our care and prevention efforts, the Ambassador stressed, particularly in dealing with stigma and discrimination.

16. (SBU) On the issue of adoptions, the Ambassador expressed the USG's gratitude for the Prime Minister's assistance in advancing our adoption program. By encouraging Vietnam's relevant ministries to amend Decree 68, the Prime Minister made possible achieving progress toward a pilot program for the adoption of special needs orphans.

17. (SBU) However, a relationship as complex as that of the United States and Vietnam requires further work, the Ambassador noted. Both countries need new embassies, and, for its part, the United States has identified land we hope to buy. We want to move forward but cannot because the Russians still control the property. The USG has put aside funds to start as soon as possible, but, if we do not start soon, these funds may be used somewhere else.

18. (SBU) The USG is pleased with the progress we have made in bilateral counterterrorism cooperation, but we are still unhappy with the level of law enforcement cooperation, particularly in the area of counternarcotics. The need for increased cooperation with our Drug Enforcement Agency personnel is an issue the Ambassador raised with the Minister of Public Security (Ref B), he said.

19. (SBU) The year 2005 will mark the tenth anniversary of the normalization of bilateral relations, and many events will commemorate this, including, hopefully, a visit of the Prime Minister to Washington, the Ambassador continued. We believe that the PM's visit will send a message about the changes in the bilateral relationship and the bright future that our ties can have. We look forward to hearing from the PM about how the visit can be organized. For our part, we believe that there are three things to work on in the run-up to the Prime Minister's trip:

-- 1) Positive decisions on major commercial projects, such as the purchase of Boeing 7E7s and Lockheed-Martin's interest in Vinasat, will be important as we prepare the groundwork for the Prime Minister's visit;

-- 2) The United States recently designated Vietnam a country of particular concern (CPC) regarding a lack of religious freedom. This reflects the serious concern of the American people. We will look closely at the implementing regulations for the Ordinance on Religion and, hopefully, these regulations will have a positive impact. There are three main issues: Recognition of new denominations; opening new churches in the Central Highlands; and banning forced renunciations. Concrete steps in these areas, as well as the vocal support of Vietnam's leadership for the concept of religious freedom, will go a long way in changing attitudes in the United States regarding the state of play on the religious freedom issue in Vietnam;

-- 3) The broader issue of human rights also requires attention. The cases of Nguyen Dan Que and Pham Hong Son are troubling to the United States. We are aware that they have been transferred to a prison far from their families. Their release, as well as that of Fr. Nguyen Van Ly, perhaps under a Tet amnesty, would be warmly welcomed, the Ambassador said.

10. (SBU) The Prime Minister thanked the Ambassador for raising many areas of bilateral progress and many issues that require further cooperation. Vietnam is "delighted" to see relations grow in so many areas, such as politics, economics, security and defense. Both countries should exert more effort to promote the bilateral relationship. Vietnam welcomed the President's decision to grant a continuing waiver of Jackson-Vanik and also to include Vietnam on the list of priority countries for receiving HIV/AIDS assistance. Vietnam's wish is to receive more experts from the United States to fight this epidemic. However, the Prime Minister continued, the GVN notes the lack of understanding and disagreement between the two countries, reflected in the CPC designation and the U.S. House of Representative's vote on the Vietnam Human Rights Act. The PM expressed his hope that the Ambassador will gain firsthand experience in Vietnam and make "more objective recommendations" to Washington such that U.S. policy can "reflect the situation more truly."

11. (SBU) Turning to trade and economics, the Prime Minister noted that the United States and Vietnam spent several years negotiating the Bilateral Trade Agreement (BTA). To date, Vietnam has not signed any other trade agreement as comprehensive as the BTA. Considering the low level of

competitiveness and development of Vietnam's economy, Vietnam's decision to sign the BTA reflected "political will." The decision to promote WTO accession also required this political will. For a weak economy such as Vietnam's, WTO accession will provide many opportunities as well as challenges. The GVN hopes that the USG will understand Vietnam's situation of "being a developing country, with a low level of economic development, still facing many social and economic problems." The GVN also hopes that the USG will put forward "conditions" to help Vietnam to "strive ahead" and asked the Ambassador to ensure that the USG negotiating team will not "put forward strict conditions" during the bilateral negotiations. Vietnam is determined to accede to the WTO by 2005 and, to that end, has completed bilateral negotiations with the EU and is negotiating with Japan and the United States.

¶12. (SBU) Trade and investment represent the cornerstone of bilateral relations with the United States, the Prime Minister continued. Vietnam looks forward to more investments by U.S. companies in Vietnam. The GVN highly values the science and technology and managerial skills that U.S. companies can bring. Regarding Civair, Vietnam's 2010 aviation development strategy identified Boeing and Airbus as the major aircraft manufacturers to supply Vietnam's needs. Vietnam's strategy had further identified Boeing as the "supplier for Vietnam's long-haul planes," the Prime Minister said.

¶13. (SBU) Aside from economic cooperation, progress in the areas of politics and security is important and can promote peace and stability in Southeast Asia and Asia as a whole. Vietnam thus hopes that the United States and Vietnam can reach agreement "defining a framework for long-term cooperation" which could also help to overcome "long-term bilateral difficulties," the Prime Minister said (Note: The Prime Minister raised this "framework" during Ambassador Burghardt's farewell call (Ref C), but we have yet to learn exactly what the GVN means by it. End Note.)

¶14. (SBU) The Prime Minister reiterated his gratitude for the President's decision to include Vietnam among the countries receiving assistance from the HIV/AIDS relief fund. Vietnam remains inexperienced in this area and hopes to receive increased expertise from the United States in prevention and treatment. The problem of HIV/AIDS is growing rapidly in Asia and threatening development in many countries. The Prime Minister expressed his "full agreement" that Vietnam needs to increase publicity to "help people" and that Vietnam's leaders need to speak out more. Vietnam looks forward to "receiving more experts" from the United States.

¶15. (SBU) Regarding the construction of the future U.S. Embassy, Vietnam understands the current embassy is "inconvenient" because of the large containers in front of it and "inconvenient for a large country like the United States." Vietnam's MFA and Russia have, to date, worked together to resolve this issue. The Prime Minister said he "took note" of the Ambassador's request to step up progress, adding that he would ask the Ministry of Foreign Affairs to redouble its efforts.

¶16. (SBU) On religion and human rights issues, the Prime Minister said that Vietnam "recognized" that the United States is concerned, but he also expressed his hope that the United States understands that all of Vietnam's leaders pay attention to problems involving ethnic groups, religion and human rights. The Vietnamese people, regardless of their ethnic affiliation or religious beliefs, were involved in Vietnam's long struggle. Therefore, Vietnam put in place a policy of national unity to promote economic and social development. Regardless of ethnicity or religious belief (or lack thereof), everyone should enjoy equality in Vietnam.

¶17. (SBU) If one looked closely at Vietnam's policies, one could see that the GVN has a "preference policy" for ethnic minorities, the PM continued. For example, the GVN subsidizes many aspects of ethnic minorities' lives, such as providing seeds to farmers, paying top price for agricultural goods and developing irrigation, electricity and transportation infrastructure. The GVN also builds free health clinics, gives financial assistance to the rural poor and mobilizes capital to build schools in ethnic minority and mountainous areas. The GVN also sends ethnic minority students to boarding schools free of charge and constructs housing for ethnic minorities. Vietnam has learned from other countries' experiences that ethnic and religious issues are often "difficult to solve." These are complicated issues, but Vietnam's goal is to encourage integration into mainstream Vietnamese society, the Prime Minister said.

¶18. (SBU) The role of religion in people's lives has grown rapidly, particularly since the end of the war and because

the GVN introduced a policy of "freedom of belief." The number of religious adherents has doubled in recent years, as has the number of pagodas, churches and temples. In the Central Highlands, Protestantism has also grown rapidly, and the GVN has responded to the demand for more churches by allowing their construction. The GVN prohibits only those individuals who would use religion to "jeopardize the political situation" or as a "cover to reach out to the people politically." As in other countries, people need to obey the law; violators will be punished, the PM said.

19. (SBU) As the Ambassador knows, Vietnam recently issued a number of resolutions on religious freedom and national unity. The GVN also put in place the Ordinance on Religion and would soon promulgate a decree containing the implementing regulations for this law. With regard to the particular individuals mentioned by the Ambassador, all had violated the law and therefore were put in prison. Because the GVN realized that they are "influential" and have "many followers," the GVN gives them "special treatment." For example, in the case of Father Ly, because he complied with prison regulations, he was given a reduced sentence. Also, on the occasion of the recent National Day amnesty (Ref D), Vietnam released many inmates who are religious followers, the PM noted.

20. (SBU) Vietnam always hopes to have a "prosperous and democratic" society, as Ho Chi Minh expressed in Vietnam's Declaration of Independence in 1945. Under that document, which is similar to the Declaration of Independence of the United States, the Prime Minister explained, all people have the right to religious freedom, democracy and human rights. These are the criteria for modern society, and the GVN is striving to reach these goals. The Prime Minister concluded by suggesting to the Ambassador that, during his stay, he hold a dialogue with Vietnam's relevant ministries on the many issues he raised.

21. (SBU) Thanking the Prime Minister, the Ambassador noted that part of his job is to explain the situation in Vietnam more clearly to American citizens and policymakers and, to that end, he will engage in discussions with senior officials and travel widely. The United States recognizes the political will the GVN exercised to enter into the BTA. That this was the right decision is evident in the economic fruits Vietnam now enjoys. As Vietnam exercises the same political will to accede to the WTO, it will likely see similar results. There will be more technology transfer and investment once Vietnam enters the WTO. But, part of the price for entering the WTO will be increased transparency and increased enforcement of intellectual property rights. Vietnam is in competition with its neighbors to attract U.S. investment. Issues like tariff increases and the special consumption tax for automobiles are watched closely by other investors. The USG hopes that the GVN will continue to work with the auto industry on this issue. Insurance companies are also ready to invest in Vietnam, the Ambassador continued. The support of these industries and others will be crucial as we approach the debate in the United States Congress over Permanent Normal Trade Relations (PNTR) for Vietnam.

22. (SBU) We recognize that Vietnam is working hard to address the problems of ethnic minorities in the Central Highlands, the Ambassador said. The United States would like to offer financial and technical assistance in this effort. But, a signal from the Prime Minister and other leaders to local authorities to encourage working with foreign nongovernmental organizations and American assistance would be good. However, we believe that, no matter what the GVN does, some people will still want to leave Vietnam, and the issue of those crossing the border into Cambodia is of grave concern to the USG. The USG is thus ready to accept a number of individuals for resettlement, but they need travel documents. It would be useful for the Central Government to encourage local authorities to expedite the necessary procedures such as the issuance of travel documents. The Ambassador concluded by noting that he and the Prime Minister still had not had the chance to discuss the PM's visit to the United States.

23. (SBU) The Prime Minister responded by thanking the United States for the invitation to visit and expressed his hope that the U.S. Embassy and the Department will continue to work with the Vietnamese MFA to make the necessary arrangements. The United States occupies an important part of Vietnam's foreign policy, and high-level visits -- such as the PM's trip to the United States in 2005 and the U.S. President's visit to Vietnam in 2006 on the occasion of the APEC summit -- will play an important role in promoting the bilateral relationship, the PM said.

24. (SBU) On the issue of ethnic minorities in the Central Highlands "fleeing Vietnam," Ksor Kok and his Montagnard Foundation in the United States are largely responsible for this. They tell Montagnards that they will have a better

life if they leave Vietnam, and their aim is to "destabilize Vietnam." "You can trust me that we will do everything we can to convince our people that no one can help them better than the GVN," the Prime Minister concluded.

MARINE